

Operating revenues of the Croatian state-owned power utility HEP Group in 2020 amounted to 1.91 billion euros, which is a decrease of some 150 million euros or 7.4 % compared to 2019. HEP recorded a net profit in the amount of 193.8 million euros in 2020, which is by 8.1 million euros more compared to the previous year. The Group's operations were affected by the measures taken to prevent the spread of the novel coronavirus, which led to the cessation of part of economic activities, and consequently a reduction in electricity consumption of business customers and changes in consumption structure.

This decline in revenues was primarily due to a decrease in revenues from the sale of electricity by HRK 138 million euros (8.3 %) due to lower revenues in the foreign and domestic markets. Revenues from the sale of thermal energy, on the other hand, amounted to 89.5 million euros and increased by 2.5 million (2.9 %) due to higher consumption by 5.3 % and due to colder weather in the last quarter. Revenues from gas sales on the wholesale market amounted to 63.2 million euros, which is a decrease of 65.8 million (51.1 %) compared to the previous year due to lower gas sales by 46 % due to a smaller number of suppliers compared to the previous year). Revenues from gas sales to end customers from gas retail sales amounted to 57.8 million euros, which is by 7.3 million (14.4 %) higher. HEP Group's operating expenses last year amounted to 1.62 billion euros, which is a decrease of 212.5 million or 11.6 % compared to 2019. At the same time, the costs of electricity purchases decreased by 147.5 million euros (31.8 %) due to lower purchases of electricity on the market for the supply of customers and for trading and lower prices of imported electricity. Energy fuel costs are lower by 25.2 million euros (11.2 %) compared to 2019, primarily due to lower prices of coal and natural gas. The purchase value of sold gas amounts to 104.6 million euros and is lower compared to 2019 by 71.5 million (40.6 %), primarily due to the reduced purchase of gas for wholesale. Last year, the total electricity consumption in Croatia amounted to 15,384 GWh. The consumption of residential customers dropped by 45 GWh, while the consumption of commercial customers decreased by 889 GWh.

At the same time, suppliers from the HEP Group held 90.4 % of the Croatian market, where their total sales amounted to 13,904 GWh, which is 6.8 % less than in 2019. Sales of HEP Opskrba amounted to 7,823 GWh and decreased by 820 GWh, while its market share decreased from 53 to 50.9 %. HEP Elektra's sales amounted to 6,081 GWh and decreased by 191 GWh, while its market share increased from 38.4 to 39.5 %.

HEP reminded that 2020 was marked by reduced water inflows in the first eight months and above-average hydrological conditions in the last quarter. Ultimately, 5.3 TWh (29 % of the consumed electricity) was produced in hydropower plants, which is by 511 GWh (8.7 %) less than in 2019. Thermal power plants produced 4,073 GWh of electricity, which is by 364 GWh more. Deliveries from nuclear power plant Krsko amounted to 3,020 GWh, which represents 16.2 % of the available electricity of the HEP Group, which is by 254 GWh more

compared to 2019, given that last year there was no regular overhaul that is performed every 18 months. HEP's wind farm Korlat produced 52 GWh of electricity during its trial operation, while solar power plants and biomass/biogas power plants produced 26 GWh of electricity in 2020.

The reduced supply of customers in Croatia and the region also affected the reduction of electricity purchases on the market by about 2,100 GWh (25.5 %) compared to 2019, which affected the decline in operating costs. A total of 6,151 GWh of electricity was procured outside of HEP's system.

HEP Group was one of the largest investors in Croatia in 2020, with investments of 570 million euros.